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Shareholder Activism Worldwide: Evidence from Voting

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Abstract

Voting is one of the ways shareholders have to exercise governance. Using 19 countries, through a period of five years, we examine whether institutional investors promote better governance. We analyze if their presence in companies is linked with higher levels of shareholder activism, through voting. We find that companies with more institutional investors are subject to more votes “against” at Annual General Meetings, therefore implying that institutions promote better governance practices. Moreover, we find that foreign investors are the ones who drive higher levels of activism. Around the world, companies located in countries with less shareholder protective legal frameworks are the ones subject to higher scrutiny from shareholders.

Keywords: Corporate Governance; Voting; Shareholder Activism; Institutional Investors.

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1. Introduction

Shareholders have two ways to try to influence corporate governance. They can be active using their “voice” by entering private talks with the management or by voting against the proposals made by them; or they can take a passive role and exercise governance by “voting with their feet”, which means selling the shares they hold in the company.

In this paper we study whether institutional shareholders actually use their option to vote against the proposals made by the management as a way to exercise governance by comparing the total levels of dissent – the form of voting associated with activism of shareholders – in companies with different levels of institutional ownership. Also, we look at what type of proposals institutional investors vote “against” more often. We want to know to which extent these investors take on a more active role in influencing corporate governance in the companies in which they invest, compared to other investors.

Nowadays it is extremely easy to become a shareholder of a company, regardless of its location. However, it may not be as simple to contribute to the governance of a company which is on the other side of the world. Stulz (2005) argues that there are limits to globalization since rulers of sovereign states, corporate insiders or controlling shareholders pursue their own interests at the expense of other outside investors. As institutions invest other people’s money, it is of the utmost importance that they can somehow influence the companies they invest in, and try to steer them in a good direction. In this paper we assess if institutional shareholders do so through their “voice”, voting in the Annual General Meetings, in the best interest of their investors.

By taking all disclosed voting outcomes in Europe, Canada and Australia, between 2008 and 2012, we find that dissent is generally positively correlated with the presence of institutional investors. Most importantly, such relation assumes a stronger role for topics related to compensation and capitalization. We also find that this relation

happens primordially on countries with weaker investor protection laws, which signals that institutional investors are voting to exercise governance in order to compensate for the lack of investor protection.

Additionally, we test what type of institutional shareholders contribute to the improvement of companies' corporate governance through voting, by splitting them according to their "colors" as Ferreira and Matos (2008). We find that active (or independent) investors, as well as foreign investors, tend to be the drivers of the relation between institutional ownership and dissent, as opposed to passive (or grey) and domestic investors.

Aggarwal, Erel, Ferreira and Matos (2011) have shown that companies with a higher percentage of institutional ownership, especially if foreign, tend to have better governance (measured by Gov_{41} ¹). Also, this happens more frequently in countries with civil law legal structures, as opposed to the more investor protective common law countries.

Furthermore Iliev, Lins, Miller and Roth (2012) have already shown that U.S. institutional investors use voting as a way to exercise governance in the companies they invest in outside their home country, and that firm and country-level investor protection laws, as well as measures of firm-level managerial entrenchment, influence the way these shareholders vote on director-related proposals.

Finally, Morgan, Poulsen and Wolf (2006) find that, for compensation proposals in companies in the S&P 500 between 1992 and 2003, shareholders in general have changed their way of voting with time by becoming more and more aggressive, especially for proposals or companies where the dilution caused by such proposals can be harmful to them. This evolution has made dissent levels grow to an extent where some proposals have started being rejected in the years.

Given all of this, we expect to find institutional investors using their power to exercise governance through voting, in particular for proposals related to compensation, or in companies located in countries with weak investor

¹ Gov_{41} is an index calculated by Aggarwal et al. (2010) using 41 firm-level governance attributes from RiskMetrics.

protection laws. However, to this date, we have not yet found a study linking the institutional ownership of a firm to the overall voting outcomes as a measure of governance.

2. Data & Variables

2.1. Voting Data

The voting data used in this study was obtained from RiskMetrics and contains the voting outcomes of all shareholder meetings across Europe², Australia, and Canada between 2008 and 2012.

In these databases the information provided encompasses the names and tickers of the firms, the date of the shareholder meetings, the description of the topics in the agenda, and the voting outcome. For each proposal, we calculate dissent as the total number of votes that do not follow the management recommendation. With this in mind, whenever the management recommends voting “For” the dissent is represented by the total votes “Against” and “Abstain”.

In this study, we analyze both the total dissent, which includes management and shareholder proposals, and specific dissent on the proposals made by the management. Shareholder proposals are not individually analyzed because of the frequent absence of data regarding management recommendation (making it impossible to calculate dissent), as well as the diversity of topics covered within this category. For those countries or years³ where no information regarding the management recommendation for each proposal exists, dissent is only calculated for management proposals, assuming the inherent recommendation to be always “For”.

² European countries considered: Austria (ATX 20); Belgium (BEL20); Denmark (OMXC 20); Finland (OMX-H 25); France (SBF 120); Germany (Dax 30 and MDAX 50); Greece (ASE 20); Ireland (ISEQ General); Italy (FTSE MIB and MIDCAP); Luxembourg (LuxX); The Netherlands (AEX 25 and AMX 25); Norway (OBXS 30); Portugal (PSI 20); Spain (IBEX35); Sweden (OMXS 20); United Kingdom (FTSE 350).

³ In the database for Europe (2008) and Australia there is no data on the management recommendation.

We sort all management proposals according to the following categories: (1) Routine / Business, (2) Director Related, (3) Compensation, (4) Preferred / Bondholders, (5) Capitalization, (6) Anti-takeover related, (7) Reorganization and Mergers, and (8) Social Proposals.

Table 1 reports the number of observations, firms, average total dissent, and average dissent for each category (only for management proposals) per country. Table 2 reports the same data per country/year. In a universe of 2006 companies throughout five years, corresponding to 5,878 different observations, the average total dissent is 4.85%.

Later on, we divide the data according to the legal origin of the companies' home countries, to better understand how differently investors act in face of either common or civil⁴ law regimes. Herein, we expect to see investors taking a more active role in civil law countries, as these have weaker investor protection laws, as observed by La Porta, Lopez-de-Silanes, Shleifer and Vishny (1998).

2.2. Explanatory Variables

All time variable explanatory variables are lagged one period, being measured at the end of the fiscal year before the shareholder meeting in which dissent is measured, in order to mitigate any potential endogeneity.

In our regressions, we will test if the total institutional ownership level of a company has any real effect on the dissent levels of that company. We expect this impact to be positive because, according to Iliev et al. (2012), institutional investors use voting as a tool to exercise governance. Nonetheless, there are some caveats when making such an interpretation. On the one hand, non-institutional investors may vote "against" less often (meaning less dissent) if they see that institutions have a significant stake in the company and believe they will be exercising governance for all shareholders (this hypothesis is not considered by Iliev et al. (2012) as they only look at the votes

⁴ For the purpose of the study we name as "Civil" all countries with Civil Law or French/Socialist legal origins.

cast by U.S. institutional investors). On the other, the possibility of institutional investors “voting with their feet” makes it harder to predict the impact of total institutional ownership on dissent.

Additionally, following Ferreira and Matos (2008), total institutional ownership of a firm is segmented according to its “colors”, as previously mentioned. Depending on their country of origin, we split the investors into domestic and foreign and according to their institution’s nature we divide investors into passive and active.

We expect that foreign investors will make more use of dissent as a governance tool when compared to domestic investors because, as seen by Aggarwal et al. (2011), there is a positive relation between foreign institutional ownership and governance. Also, Ferreira and Matos (2008) find that higher levels of foreign institutional ownership are related to firm value and performance. However, there is yet no study that relates these institutional ownership variables and dissent.

As for the nature of the institutional investors (where active ones are mutual fund managers or investment advisers and the passive correspond to institutions like bank trusts, insurance companies, or pension funds), we believe that companies will face dissent more frequently the higher the levels of active institutional ownership they have, and less dissent for higher levels of passive institutional ownership. Once more, Aggarwal et al. (2011) find that companies with higher levels of active institutional ownership score higher in the governance index Gov41. However, even though we expect active investors to be willing to collect more information about their investments and face less regulatory restrictions (in opposition to passive investors who tend to face higher monitoring costs, and are more prone to create business relationships with their invested firms) we have not yet seen any study relating these natures of institutional ownership and dissent.

Following Iliev et al. (2012), we use some variables that measure the level of managerial entrenchment of a firm. Particularly, we look at insider control, a measure of the percentage of closely held shares obtained from Worldscope. In their studies, Iliev et al. (2012) and Cai et al. (2009) find that the greater the percentage of closely

held shares, the higher the dissent levels are. Although apparently contradictory, such a result does not go against our expectation of a negative relation given the differences in the dependent variable under analysis. Whereas those authors focus only on dissent by American investors in foreign countries, we look at total dissent. This means that a stronger entrenchment is expected to originate fewer votes “against”, as insiders are not expected to vote “against”. Therefore, we expect dissent to be lower, for higher values of insider control.

Furthermore, Gov₄₁ a measure for the quality of the corporate governance inside a firm previously used in Aggarwal et al. (2011) and Iliev et al. (2012), is also used. Companies with better governance practices have this index closer to 1 than to 0 and are expected to face less dissent. According to Iliev et al. (2012), companies with higher levels of this index face less dissent from U.S. investors.

At last, we control for firm-level characteristics using data from Worldscope. As used by Iliev et al. (2012), these are: logarithm of market capitalization – which we expect to negatively affect dissent; leverage (calculated as total debt to total assets) – which we believe to have a positive impact on dissent; profitability (calculated as nibe to total assets) – where less profitable companies should generate higher levels of dissent; market-to-book – being companies with higher ratios expected to face less dissent; and cross-list (a dummy variable which is 1 if the company is quoted in the U.S. and 0 otherwise) – with an unclear effect for the same reason stated in the case of insider control. Also, all models have dummy variables that account for country, industry, and year.

Summary statistics for the variables considered can be found in Table 3. Strikingly, the average firm has almost twice the dissent levels in compensation related proposals when compared to total dissent. As for anti-takeover and social proposals, dissent is also high, however not enough observations exist for us to make any sustainable conclusion. On average, 26% percent of the firms’ ownership is represented by institutions, of which 14.5% are foreign and 24% active. Two additional facts are noteworthy: insider shareholders control 27% of the firms and 14% of the companies are also listed in the U.S.

3. Results

We want to know how different institutional investors vote, as well as if they use their voting power as a governance tool. In the sections below we test for the relation between the supra mentioned forms of institutional ownership.

3.1. Dissent and Institutional Ownership

Table 4 shows how dissent can be explained by the different allocations of institutional ownership. We use dissent (total or in specific proposals) as our dependent variable and the percentage of institutional investors or other measures of governance as explanatory variables, resorting to a pooled OLS specification for this firm-year panel. Country, industry and year dummies are present in all regressions, unless stated otherwise. Also, standard errors are clustered at the country-industry level.

From Panel A, where we regress total dissent on the various types of institutional ownership we conclude that the more foreign institutional investors there are in a firm, the higher are the levels of dissent (significant at a 10% level). Also, the presence of passive institutional investors in a company diminishes the number of votes against the proposals submitted by the board (at a 5% significance level). Finally, we verify that as expected, higher levels of insider control and Gov41 imply less total dissent, thus corroborating our expectations.

When focusing on the topics of compensation (Panel B) we find that, generally, the simple presence of institutional investors positively affects dissent. Moreover, active institutional investors tend to have a positive and significant impact on such proposals, something not verified in total dissent. Finally, as for total dissent, foreign institutional ownership is positive and significantly correlated with dissent on compensation proposals (an increase in 10p.p. in foreign institutional ownership has an impact of 0.662p.p. in compensation dissent).

Panel C relates dissent on capitalization topics to institutional ownership. There is a positive and significant relation between foreign institutional ownership and capitalization dissent (an increase of 10p.p. in foreign

institutional ownership generates a 0.604p.p. increase in capitalization dissent) and a negative and significant relation between capitalization dissent and domestic institutional ownership (an increase of 10p.p. in the level of domestic institutional ownership has a negative impact of 0.709p.p. in capitalization dissent).

In Panel D and Panel E we find no evidence of significant causality of institutional ownership on either routine / business or director related dissent topics.

Overall, confirming our expectations, we find that companies with higher levels of foreign institutional ownership have more dissent. It is also worth noting that, as we expect, for several topics we find that insider control is negative and significantly related to dissent.

3.2. Dissent and Institutional Ownership - Common vs Civil Law Countries

To further investigate the relation between institutional ownership and total, compensation, and capitalization dissents, we split the data in two groups (Table 5): countries with common law and countries with civil law legal origins.

3.2.1. Total Dissent

Panel A.1 reports the results for common law countries. The only significant result we obtain is that companies with higher passive institutional ownership have less total dissent (an increase of 10p.p. in the level of passive institutional investors has an impact of -1.511p.p. in total dissent).

However, interesting outcomes are obtained upon comparison with civil law countries (Panel A.2). In these countries, significant results are found for the presence of institutional investors, meaning that a 10p.p. increase in the weight of institutional investors results in a 0.615p.p. increase in total dissent. Also, there is statistical evidence that this total dissent is mostly caused by foreign and active institutional investors. In accordance with our initial expectations, we may conclude that institutional investors take on a more active role on countries with civil law legal structures, which typically provide a less protective framework for minority shareholders.

Bearing such evidence in mind, we conclude that the frequency dissent observed for the companies with higher levels of institutional ownership of all types is originated in the countries with civil law legal origins.

3.2.2. Compensation Dissent

Seeing that compensation dissent is a topic where institutional investors have a more active role, we take a deeper look at how remuneration dissent is affected by the presence of different types of such investors.

As done for total dissent, we split the voting data into two groups (common versus civil law). The results are presented in Panel B.1 (common law countries) and Panel B.2 (civil law countries). Whereas there are no significant relations between compensation dissent and different forms of institutional ownership in common law countries, apart from the negative relation with passive institutional investors (like there was for total dissent in these countries), in civil law countries this linkage is extremely strong again.

Compensation dissent in civil law countries is positive and significantly correlated with total, foreign and active institutional ownership, (a 10p.p. increase in these levels of institutional ownership will generate an increase of 1.521p.p., 2.094p.p., 1.712p.p., respectively in compensation dissent).

3.2.3. Capitalization Dissent

Finally, we look at how differently dissent is affected on topics related to capitalization issues in common and civil law countries (Panel C.1 and Panel C.2).

Whereas in civil law countries a similar relation to the one found for compensation issues tends to prevail (with positive and significant relations for total, foreign and active institutional ownerships), in common law countries we obtain different conclusions. In these countries, the presence of institutional investors in general, domestic, active or passive institutional investors, is negatively related to dissent in topics related to capitalization.

This leads us to the conclusion that institutional investors are not willing to participate in capital increases from companies located in civil law countries, but do not oppose to do so in companies located in common law countries.

When we put together the results for capitalization and compensation with the results for total dissent seen before we conclude that whereas there seems to be no relation between the various forms of institutional ownership and dissent in common law countries (apart from the negative relation for capitalization topics), there is a very strong positive impact of such ownerships in civil law countries.'

3.3. Other tests

We try to substitute the country dummies by variables that can differentiate the countries, such as GDP Per Capita, Market Capitalization to GDP, and a dummy variable that is equal to 1 if the country is common law or 0 otherwise (Table 6). However, we believe that these variables do not capture completely differences between countries, something that may explain punctual differences in the results.

For robustness, we also regress total, compensation and capitalization dissents using country clusters (instead of the previous country/industry ones). Those results are shown in Table 7. Results do not differ considerably for total dissent (Panel A) and, therefore, we opt for the country/industry clustering as our sample only includes 19 countries. However, when using country clusters to analyze compensation and capitalization dissents (Panel B and Panel C) we lose the significance in all variables other than foreign (compensation) and domestic (capitalization) institutional ownership.

Finally, we also change to a country-year clustering (Table 8). We find a significantly positive relation between total, foreign or active institutional ownership and total dissent, and between foreign institutional ownership and compensation and capitalization dissents. We also find a negative relation between domestic

institutional ownership and capitalization dissent. We prefer country-industry clustering because it allows us to account for within each country-industry pair correlation.

4. Conclusion

As an original contribution, this thesis suggests that institutional investors make use of their “voice”, through voting, to exercise governance around the world.

Furthermore, we find that foreign institutions are the ones which take on a more active role and, in accordance, vote “against” more frequently in shareholder meetings. With a bigger impact, compensation proposals are the ones that generate more motivation in institutions to let the managers hear their opinion. It is also worth mentioning how the nationality of the investors affects, in particular, the proposals related to capitalization, where the presence of domestic investors is linked to less dissent (meaning approval of these issues) and the presence of foreign investors goes in the opposite direction.

Also, we find that investors seem prompted to vote “against” more often in countries where they know their interests are less protected – civil law countries – proving that they change their approach to defend themselves on such legal settings.

All of this leads us to conclude that institutional investors play an important role in the exercise of governance, something not only in line with what was found by Aggarwal et al. (2011) or Iliev et al. (2012), but also adding to these studies that investors contribute to governance through voting, and that this happens for investors at a worldwide level, and not just for US investors.

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Table 1 - Average dissent per country

| Country | Number of Firms | TOTAL | | ROUTINE / BUSINESS | | DIRECTORS | | COMPENSATION | | PREFERRED / BONDHOLDERS | | CAPITALIZATION | | ANTITAKEOVER | | REORGANIZATION & MERGERS | | SOCIAL PROPOSALS | |
|-------------|--------------------|-------|------|--------------------|------|-----------|-------|--------------|-------|-------------------------|------|----------------|-------|--------------|-------|--------------------------|-------|------------------|-------|
| | | N | Mean | N | Mean | N | Mean | N | Mean | N | Mean | N | Mean | N | Mean | N | Mean | N | Mean |
| Australia | 381 | 1,158 | 8.01 | 62 | 2.99 | 9 | 28.73 | 1,100 | 4.99 | 114 | 1.95 | 356 | 8.85 | 0 | . | 298 | 4.50 | 1,088 | 12.51 |
| Austria | 26 | 86 | 1.42 | 86 | 0.94 | 86 | 0.89 | 16 | 7.22 | 0 | . | 53 | 2.60 | 0 | . | 6 | 0.84 | 0 | . |
| Belgium | 23 | 80 | 2.27 | 80 | 1.21 | 79 | 1.61 | 46 | 7.64 | 0 | . | 47 | 4.06 | 16 | 5.42 | 6 | 0.06 | 0 | . |
| Canada | 669 | 1,499 | 5.68 | 1,369 | 3.05 | 1,420 | 4.60 | 582 | 14.95 | 0 | . | 58 | 10.14 | 163 | 12.83 | 165 | 3.57 | 2 | 24.48 |
| Denmark | 20 | 20 | 2.02 | 14 | 0.70 | 15 | 2.24 | 8 | 1.80 | 0 | . | 13 | 3.37 | 0 | . | 1 | 0.00 | 0 | . |
| Finland | 28 | 74 | 1.14 | 70 | 0.86 | 70 | 0.60 | 6 | 8.24 | 0 | . | 56 | 1.12 | 0 | . | 2 | 0.92 | 0 | . |
| France | 128 | 476 | 6.04 | 476 | 2.18 | 439 | 5.98 | 393 | 13.31 | 0 | . | 470 | 6.31 | 82 | 21.02 | 149 | 7.86 | 0 | . |
| Germany | 86 | 353 | 2.63 | 351 | 0.78 | 352 | 2.31 | 114 | 9.76 | 0 | . | 268 | 4.42 | 0 | . | 83 | 0.34 | 0 | . |
| Greece | 22 | 65 | 3.42 | 63 | 3.09 | 64 | 3.66 | 60 | 5.01 | 0 | . | 29 | 1.79 | 0 | . | 23 | 4.31 | 0 | . |
| Ireland | 36 | 95 | 5.41 | 91 | 2.35 | 88 | 5.87 | 45 | 8.26 | 0 | . | 91 | 5.22 | 0 | . | 8 | 12.11 | 0 | . |
| Italy | 109 | 390 | 2.45 | 384 | 1.14 | 278 | 2.93 | 180 | 6.41 | 0 | . | 232 | 3.55 | 0 | . | 13 | 0.56 | 0 | . |
| Luxembourg | 12 | 29 | 1.08 | 28 | 0.47 | 28 | 1.32 | 7 | 6.79 | 0 | . | 22 | 1.66 | 0 | . | 2 | 4.53 | 0 | . |
| Netherlands | 46 | 183 | 3.99 | 182 | 1.81 | 182 | 2.98 | 64 | 10.78 | 0 | . | 168 | 5.84 | 7 | 27.13 | 10 | 23.82 | 0 | . |
| Norway | 26 | 80 | 3.50 | 76 | 2.14 | 76 | 3.06 | 74 | 8.09 | 0 | . | 71 | 4.23 | 0 | . | 4 | 0.06 | 0 | . |
| Portugal | 25 | 80 | 2.72 | 80 | 2.11 | 77 | 2.49 | 61 | 5.49 | 0 | . | 62 | 1.09 | 0 | . | 6 | 0.03 | 0 | . |
| Spain | 36 | 129 | 2.43 | 129 | 1.27 | 125 | 3.53 | 89 | 4.95 | 0 | . | 123 | 2.53 | 0 | . | 17 | 0.66 | 0 | . |
| Sweden | 30 | 35 | 1.31 | 14 | 0.06 | 9 | 0.21 | 17 | 4.33 | 0 | . | 16 | 0.06 | 0 | . | 0 | . | 0 | . |
| Switzerland | 23 | 76 | 3.94 | 75 | 1.35 | 75 | 3.83 | 47 | 16.03 | 0 | . | 42 | 3.97 | 0 | . | 2 | 50.28 | 0 | . |
| UK | 280 | 970 | 2.99 | 944 | 1.93 | 931 | 2.52 | 940 | 9.12 | 0 | . | 950 | 2.51 | 0 | . | 75 | 12.22 | 0 | . |
| Total | 2,006 | 5,878 | 4.85 | 4,574 | 2.08 | 4,403 | 3.67 | 3,849 | 8.94 | 114 | 1.95 | 3,127 | 4.45 | 268 | 15.27 | 870 | 5.31 | 1,090 | 12.53 |

Table 2 - Average dissent per country/year

| Country | TOTAL | | ROUTINE / BUSINESS | | DIRECTORS | | COMPENSATION | | PREFERRED / BONDHOLDERS | | CAPITALIZATION | | ANITAKEOVER | | ORGANIZATION & MERGERS | | SOCIAL PROPOSALS | | |
|-------------|-------|------|--------------------|------|-----------|------|--------------|------|-------------------------|------|----------------|------|-------------|------|------------------------|------|------------------|------|-------|
| | N | Mean | N | Mean | N | Mean | N | Mean | N | Mean | N | Mean | N | Mean | N | Mean | N | Mean | |
| Australia | 2008 | 275 | 7.60 | 21 | 3.17 | 2 | 27.11 | 267 | 4.74 | 27 | 1.77 | 83 | 8.30 | 0 | . | 61 | 3.49 | 262 | 13.11 |
| | 2009 | 272 | 9.02 | 15 | 3.38 | 1 | 52.32 | 263 | 6.03 | 26 | 1.88 | 102 | 10.31 | 0 | . | 68 | 4.36 | 256 | 13.58 |
| | 2010 | 272 | 7.80 | 11 | 3.24 | 1 | 2.15 | 259 | 4.78 | 30 | 1.39 | 81 | 7.81 | 0 | . | 78 | 3.29 | 262 | 12.19 |
| | 2011 | 271 | 8.06 | 11 | 1.24 | 5 | 29.98 | 260 | 4.39 | 22 | 2.38 | 69 | 9.64 | 0 | . | 72 | 7.07 | 256 | 11.47 |
| | 2012 | 68 | 6.28 | 4 | 4.64 | 0 | . | 51 | 5.07 | 9 | 3.57 | 21 | 5.36 | 0 | . | 19 | 3.52 | 52 | 10.91 |
| Austria | 2008 | 20 | 0.98 | 20 | 1.13 | 20 | 0.64 | 5 | 1.30 | 0 | . | 17 | 0.96 | 0 | . | 3 | 1.65 | 0 | . |
| | 2009 | 15 | 2.22 | 15 | 1.67 | 15 | 1.21 | 2 | 13.53 | 0 | . | 7 | 3.53 | 0 | . | 1 | 0.01 | 0 | . |
| | 2010 | 17 | 1.11 | 17 | 0.52 | 17 | 0.39 | 3 | 12.66 | 0 | . | 10 | 3.63 | 0 | . | 2 | 0.03 | 0 | . |
| | 2011 | 17 | 1.30 | 17 | 0.72 | 17 | 0.94 | 3 | 11.22 | 0 | . | 8 | 0.61 | 0 | . | 0 | . | 0 | . |
| | 2012 | 17 | 1.68 | 17 | 0.71 | 17 | 1.33 | 3 | 3.45 | 0 | . | 11 | 5.09 | 0 | . | 0 | . | 0 | . |
| Belgium | 2008 | 15 | 1.53 | 15 | 1.37 | 14 | 1.72 | 3 | 3.59 | 0 | . | 10 | 0.35 | 2 | 2.66 | 0 | . | 0 | . |
| | 2009 | 13 | 1.19 | 13 | 0.32 | 13 | 0.82 | 5 | 1.27 | 0 | . | 10 | 3.82 | 5 | 3.08 | 1 | 0.05 | 0 | . |
| | 2010 | 17 | 1.97 | 17 | 1.57 | 17 | 1.84 | 7 | 4.04 | 0 | . | 9 | 3.23 | 4 | 4.74 | 3 | 0.06 | 0 | . |
| | 2011 | 17 | 1.92 | 17 | 0.99 | 17 | 1.28 | 13 | 7.00 | 0 | . | 10 | 5.83 | 3 | 6.18 | 0 | . | 0 | . |
| | 2012 | 18 | 4.29 | 18 | 1.58 | 18 | 2.21 | 18 | 11.95 | 0 | . | 8 | 7.75 | 2 | 14.21 | 2 | 0.05 | 0 | . |
| Canada | 2008 | 58 | 7.05 | 39 | 1.91 | 47 | 2.41 | 21 | 17.27 | 0 | . | 2 | 1.11 | 8 | 22.45 | 4 | 4.11 | 0 | . |
| | 2009 | 396 | 2.91 | 388 | 0.88 | 386 | 2.12 | 116 | 14.03 | 0 | . | 15 | 4.17 | 39 | 11.76 | 33 | 4.41 | 2 | 24.48 |
| | 2010 | 398 | 3.11 | 387 | 0.83 | 387 | 2.33 | 159 | 13.06 | 0 | . | 15 | 3.63 | 44 | 7.68 | 66 | 2.89 | 0 | . |
| | 2011 | 311 | 3.34 | 304 | 1.23 | 305 | 3.24 | 119 | 10.76 | 0 | . | 13 | 1.12 | 43 | 9.24 | 16 | 4.24 | 0 | . |
| | 2012 | 336 | 13.90 | 251 | 12.20 | 295 | 12.57 | 167 | 20.09 | 0 | . | 13 | 34.95 | 29 | 24.74 | 46 | 3.68 | 0 | . |
| Denmark | 2008 | 0 | . | 0 | . | 0 | . | 0 | . | 0 | . | 0 | . | 0 | . | 0 | . | 0 | . |
| | 2009 | 1 | 0.00 | 1 | 0.00 | 0 | . | 0 | . | 0 | . | 0 | . | 0 | . | 0 | . | 0 | . |
| | 2010 | 3 | 0.02 | 1 | 0.00 | 1 | 0.00 | 0 | . | 0 | . | 1 | 0.93 | 0 | . | 0 | . | 0 | . |
| | 2011 | 6 | 3.47 | 5 | 0.15 | 5 | 1.01 | 4 | 2.80 | 0 | . | 4 | 9.24 | 0 | . | 1 | 0.00 | 0 | . |
| | 2012 | 10 | 1.96 | 7 | 1.29 | 9 | 3.17 | 4 | 0.80 | 0 | . | 8 | 0.74 | 0 | . | 0 | . | 0 | . |
| Finland | 2008 | 0 | . | 0 | . | 0 | . | 0 | . | 0 | . | 0 | . | 0 | . | 0 | . | 0 | . |
| | 2009 | 16 | 0.95 | 15 | 1.27 | 15 | 0.49 | 3 | 4.66 | 0 | . | 10 | 1.24 | 0 | . | 0 | . | 0 | . |
| | 2010 | 22 | 2.37 | 21 | 1.12 | 21 | 1.04 | 1 | 27.95 | 0 | . | 16 | 1.80 | 0 | . | 1 | 0.00 | 0 | . |
| | 2011 | 18 | 0.65 | 17 | 0.65 | 17 | 0.57 | 1 | 7.07 | 0 | . | 15 | 1.00 | 0 | . | 0 | . | 0 | . |
| | 2012 | 18 | 0.31 | 17 | 0.40 | 17 | 0.19 | 1 | 0.44 | 0 | . | 15 | 0.42 | 0 | . | 1 | 1.84 | 0 | . |
| France | 2008 | 65 | 5.44 | 65 | 2.11 | 58 | 5.83 | 45 | 16.58 | 0 | . | 62 | 4.97 | 13 | 23.17 | 34 | 5.42 | 0 | . |
| | 2009 | 98 | 6.66 | 98 | 2.96 | 88 | 5.81 | 88 | 13.70 | 0 | . | 98 | 7.07 | 16 | 22.89 | 49 | 12.33 | 0 | . |
| | 2010 | 101 | 5.99 | 101 | 2.12 | 96 | 6.02 | 81 | 12.85 | 0 | . | 100 | 6.47 | 19 | 19.20 | 25 | 10.02 | 0 | . |
| | 2011 | 106 | 5.73 | 106 | 1.79 | 97 | 5.62 | 94 | 12.00 | 0 | . | 106 | 6.63 | 19 | 21.69 | 19 | 1.34 | 0 | . |
| | 2012 | 106 | 6.19 | 106 | 1.95 | 100 | 6.51 | 85 | 13.08 | 0 | . | 104 | 5.91 | 15 | 18.63 | 22 | 4.84 | 0 | . |
| Germany | 2008 | 72 | 2.20 | 72 | 0.84 | 72 | 2.14 | 5 | 2.91 | 0 | . | 67 | 2.99 | 0 | . | 24 | 0.19 | 0 | . |
| | 2009 | 60 | 2.05 | 58 | 0.59 | 59 | 1.94 | 1 | 14.80 | 0 | . | 58 | 3.04 | 0 | . | 9 | 0.59 | 0 | . |
| | 2010 | 74 | 3.57 | 74 | 0.68 | 74 | 2.59 | 57 | 8.58 | 0 | . | 68 | 6.65 | 0 | . | 18 | 0.66 | 0 | . |
| | 2011 | 73 | 2.89 | 73 | 0.95 | 73 | 2.57 | 35 | 12.33 | 0 | . | 39 | 4.64 | 0 | . | 17 | 0.27 | 0 | . |
| | 2012 | 74 | 2.32 | 74 | 0.79 | 74 | 2.26 | 16 | 10.16 | 0 | . | 36 | 4.86 | 0 | . | 15 | 0.13 | 0 | . |
| Greece | 2008 | 10 | 4.51 | 10 | 3.37 | 10 | 4.34 | 10 | 10.29 | 0 | . | 5 | 4.50 | 0 | . | 4 | 4.57 | 0 | . |
| | 2009 | 11 | 1.86 | 10 | 1.96 | 10 | 1.22 | 9 | 3.44 | 0 | . | 6 | 0.85 | 0 | . | 3 | 8.54 | 0 | . |
| | 2010 | 11 | 2.41 | 11 | 2.06 | 11 | 2.41 | 11 | 3.51 | 0 | . | 4 | 0.16 | 0 | . | 4 | 4.59 | 0 | . |
| | 2011 | 17 | 3.64 | 17 | 3.80 | 17 | 2.89 | 16 | 4.12 | 0 | . | 10 | 2.19 | 0 | . | 4 | 4.11 | 0 | . |
| | 2012 | 16 | 4.25 | 15 | 3.62 | 16 | 6.42 | 14 | 4.43 | 0 | . | 4 | 0.44 | 0 | . | 8 | 2.57 | 0 | . |
| Ireland | 2008 | 18 | 8.22 | 17 | 2.47 | 17 | 6.48 | 5 | 22.85 | 0 | . | 16 | 6.93 | 0 | . | 1 | 36.43 | 0 | . |
| | 2009 | 18 | 4.40 | 18 | 0.91 | 17 | 5.33 | 6 | 13.04 | 0 | . | 18 | 4.89 | 0 | . | 1 | 0.10 | 0 | . |
| | 2010 | 25 | 5.21 | 23 | 2.24 | 23 | 5.70 | 8 | 5.91 | 0 | . | 24 | 4.79 | 0 | . | 3 | 0.73 | 0 | . |
| | 2011 | 19 | 5.45 | 18 | 3.68 | 18 | 7.12 | 14 | 6.76 | 0 | . | 19 | 4.97 | 0 | . | 2 | 28.96 | 0 | . |
| | 2012 | 15 | 3.51 | 15 | 2.52 | 13 | 4.36 | 12 | 3.12 | 0 | . | 14 | 4.76 | 0 | . | 1 | 0.25 | 0 | . |
| Italy | 2008 | 62 | 2.32 | 62 | 1.04 | 48 | 4.10 | 18 | 2.97 | 0 | . | 37 | 0.63 | 0 | . | 0 | . | 0 | . |
| | 2009 | 62 | 0.93 | 61 | 0.60 | 40 | 1.29 | 14 | 1.91 | 0 | . | 33 | 2.31 | 0 | . | 4 | 0.99 | 0 | . |
| | 2010 | 85 | 1.92 | 82 | 0.91 | 56 | 2.32 | 29 | 5.92 | 0 | . | 54 | 2.13 | 0 | . | 3 | 0.07 | 0 | . |
| | 2011 | 90 | 2.60 | 88 | 1.31 | 57 | 3.31 | 31 | 7.46 | 0 | . | 54 | 6.20 | 0 | . | 2 | 0.04 | 0 | . |
| | 2012 | 91 | 3.92 | 91 | 1.60 | 77 | 3.23 | 88 | 7.62 | 0 | . | 54 | 5.09 | 0 | . | 4 | 0.78 | 0 | . |
| Luxembos | 2008 | 6 | 1.02 | 6 | 0.61 | 6 | 1.18 | 2 | 4.56 | 0 | . | 4 | 0.33 | 0 | . | 0 | . | 0 | . |
| | 2009 | 5 | 0.73 | 5 | 0.31 | 5 | 0.91 | 1 | 3.00 | 0 | . | 4 | 1.55 | 0 | . | 0 | . | 0 | . |
| | 2010 | 6 | 1.00 | 5 | 0.71 | 5 | 1.11 | 1 | 5.85 | 0 | . | 5 | 2.75 | 0 | . | 1 | 2.32 | 0 | . |
| | 2011 | 5 | 1.49 | 5 | 0.53 | 5 | 2.04 | 1 | 7.79 | 0 | . | 3 | 2.75 | 0 | . | 1 | 6.73 | 0 | . |
| | 2012 | 7 | 1.16 | 7 | 0.24 | 7 | 1.35 | 2 | 10.88 | 0 | . | 6 | 1.15 | 0 | . | 0 | . | 0 | . |
| Netherlands | 2008 | 34 | 4.45 | 34 | 2.56 | 34 | 3.43 | 17 | 11.78 | 0 | . | 31 | 5.83 | 0 | . | 1 | 0.01 | 0 | . |
| | 2009 | 34 | 5.23 | 33 | 2.36 | 33 | 4.72 | 8 | 9.10 | 0 | . | 32 | 7.10 | 0 | . | 1 | 88.24 | 0 | . |
| | 2010 | 36 | 3.14 | 36 | 1.91 | 36 | 1.57 | 20 | 9.37 | 0 | . | 33 | 5.33 | 1 | 22.68 | 4 | 14.80 | 0 | . |
| | 2011 | 39 | 3.64 | 39 | 1.21 | 39 | 2.60 | 13 | 11.53 | 0 | . | 36 | 6.27 | 3 | 28.14 | 2 | 0.07 | 0 | . |
| | 2012 | 40 | 3.66 | 40 | 1.22 | 40 | 2.83 | 6 | 13.31 | 0 | . | 36 | 4.80 | 3 | 27.60 | 2 | 45.33 | 0 | . |
| Norway | 2008 | 13 | 9.74 | 12 | 8.72 | 13 | 8.80 | 11 | 13.64 | 0 | . | 10 | 5.09 | 0 | . | 0 | . | 0 | . |
| | 2009 | 15 | 2.29 | 15 | 0.37 | 13 | 1.35 | 14 | 7.37 | 0 | . | 12 | 4.75 | 0 | . | 0 | . | 0 | . |
| | 2010 | 17 | 3.11 | 17 | 1.57 | 17 | 1.72 | 17 | 9.42 | 0 | . | 16 | 5.87 | 0 | . | 1 | 0.22 | 0 | . |
| | 2011 | 17 | 1.86 | 16 | 0.66 | 16 | 2.34 | 15 | 5.79 | 0 | . | 16 | 3.05 | 0 | . | 2 | 0.00 | 0 | . |
| | 2012 | 18 | 1.90 | 16 | 0.93 | 17 | 2.02 | 17 | 5.80 | 0 | . | 17 | 2.92 | 0 | . | 1 | 0.02 | 0 | . |
| Portugal | 2008 | 8 | 0.65 | 8 | 0.48 | 7 | 0.44 | 1 | 5.03 | 0 | . | 4 | 1.21 | 0 | . | 3 | 0.03 | 0 | . |
| | 2009 | 13 | 1.30 | 13 | 0.67 | 12 | 1.43 | 4 | 2.42 | 0 | . | 8 | 0.64 | 0 | . | 1 | 0.01 | 0 | . |
| | 2010 | 19 | 2.18 | 19 | 0.47 | 19 | 0.81 | 18 | 8.43 | 0 | . | 17 | 0.56 | 0 | . | 1 | 0.06 | 0 | . |
| | 2011 | 22 | 4.02 | 22 | 3.33 | 22 | 4.23 | 22 | 6.16 | 0 | . | 18 | 2.28 | 0 | . | 1 | 0.00 | 0 | . |
| | 2012 | 18 | 3.62 | 18 | 4.12 | 17 | 3.70 | 16 | 2.07 | 0 | . | 15 | 0.47 | 0 | . | 0 | . | 0 | . |
| Spain | 2008 | 22 | 1.26 | 22 | 0.60 | 22 | 1.67 | 12 | 1.24 | 0 | . | 22 | 1.06 | 0 | . | 2 | 0.11 | 0 | . |
| | 2009 | 22 | 1.49 | 22 | 1.29 | 21 | 1.95 | 10 | 3.01 | 0 | . | 22 | 1.49 | 0 | . | 5 | 0.10 | 0 | . |
| | 2010 | 31 | 2.77 | 31 | 1.92 | 29 | 3.42 | 16 | 2.81 | 0 | . | 31 | 3.29 | | | | | | |

Table 3 - Summary statistics

| Variable | Mean | Median | Std Dev | Min | Max | Obs. |
|-------------------------|-----------|-----------|------------|--------|-------------|--------|
| TOTAL | 4.85 | 2.47 | 8.53 | 0.00 | 100.00 | 5,878 |
| ROUTINE / BUSINESS | 2.08 | 0.43 | 8.48 | 0.00 | 147.00 | 4,574 |
| DIRECTORS | 3.67 | 1.27 | 8.92 | 0.00 | 100.00 | 4,403 |
| COMPENSATION | 8.94 | 3.98 | 12.82 | 0.00 | 100.00 | 3,849 |
| PREFERRED / BONDHOLDERS | 1.95 | 0.61 | 3.53 | 0.00 | 16.97 | 114 |
| CAPITALIZATION | 4.45 | 1.63 | 8.35 | 0.00 | 100.00 | 3,127 |
| ANTITAKEOVER | 15.27 | 8.76 | 17.02 | 0.00 | 100.00 | 268 |
| ORGANIZATION & MERGERS | 5.31 | 0.84 | 11.82 | 0.00 | 99.90 | 870 |
| SOCIAL PROPOSALS | 12.53 | 7.80 | 13.18 | 0.11 | 81.51 | 1,090 |
| MARKETCAP (USD) | 6,749,577 | 1,345,368 | 18,000,000 | 255 | 301,000,000 | 10,823 |
| LEVERAGE | 0.23 | 0.21 | 0.19 | 0.00 | 0.80 | 10,610 |
| MARKETBOOK | 2.34 | 1.62 | 2.52 | -1.59 | 16.32 | 10,436 |
| PROFITABILITY | 0.01 | 0.03 | 0.14 | -0.78 | 0.33 | 10,614 |
| CROSSLIST | 0.14 | 0.00 | 0.34 | 0.00 | 1.00 | 6,847 |
| INSIDER | 0.27 | 0.21 | 0.25 | 0.00 | 1.00 | 9,192 |
| GOV41 | 50.92 | 51.22 | 9.79 | 19.51 | 75.61 | 3,641 |
| IOTOTAL | 0.26 | 0.23 | 0.20 | 0.00 | 1.00 | 10,574 |
| IODOMESTIC | 0.12 | 0.06 | 0.14 | 0.00 | 0.99 | 10,574 |
| IOFOREIGN | 0.15 | 0.11 | 0.14 | 0.00 | 0.98 | 10,574 |
| IOACTIVE | 0.24 | 0.20 | 0.18 | 0.00 | 1.00 | 10,574 |
| IOPASSIVE | 0.02 | 0.02 | 0.03 | 0.00 | 0.78 | 10,574 |
| COMMONLAW | 0.68 | 1.00 | 0.47 | 0.00 | 1.00 | 12,036 |
| GDPPC | 46,194 | 45,100 | 9,922 | 22,016 | 114,508 | 12,036 |
| MARKETCAPGDP | 1.00 | 1.04 | 0.38 | 0.15 | 2.81 | 12,036 |

Table 4 - Dissent and Institutional Ownership

Panel A: Dissent - Total

| | (1) | (2) | (3) | (4) | (5) |
|------------------|----------------------|----------------------|----------------------|----------------------|---------------------|
| IOTOTAL | 1.685 (0.281) | | | | |
| IODOMESTIC | | -0.041 (0.986) | | | |
| IOFOREIGN | | 2.773* (0.061) | | | |
| IOACTIVE | | | 2.420 (0.182) | | |
| IOPASSIVE | | | -7.707** (0.037) | | |
| INSIDERCONTROL | | | | -1.574** (0.017) | |
| GOV41 | | | | | -0.039* (0.079) |
| MARKETCAPUSD | -0.439*** (0.000) | -0.445*** (0.000) | -0.416*** (0.000) | -0.403*** (0.000) | -0.102 (0.482) |
| LEVERAGE | 0.996 (0.433) | 0.988 (0.432) | 1.029 (0.421) | 1.222 (0.309) | 1.202 (0.299) |
| MARKETTOBOOK | 0.038 (0.520) | 0.034 (0.573) | 0.030 (0.598) | 0.056 (0.416) | -0.037 (0.482) |
| PROFITABILITY | -2.701 (0.124) | -2.571 (0.147) | -2.766 (0.116) | -2.691 (0.154) | -7.347** (0.026) |
| CROSSLIST | 0.797 (0.166) | 0.677 (0.288) | 0.723 (0.209) | 0.867 (0.186) | 0.262 (0.453) |
| Country Dummies | Yes | Yes | Yes | Yes | Yes |
| Year Dummies | Yes | Yes | Yes | Yes | Yes |
| Industry Dummies | Yes | Yes | Yes | Yes | Yes |
| Observations | 4,030 | 4,030 | 4,030 | 3,871 | 1,628 |
| R-squared | 0.131 | 0.132 | 0.132 | 0.134 | 0.213 |

Standard errors clustered by country-industry

Robust pvalue in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Panel B: Dissent - Compensation

| | (1) | (2) | (3) | (4) | (5) |
|------------------|----------------------|----------------------|----------------------|----------------------|--------------------|
| IOTOTAL | 3.558* (0.050) | | | | |
| IODOMESTIC | | -1.031 (0.739) | | | |
| IOFOREIGN | | 6.618*** (0.005) | | | |
| IOACTIVE | | | 4.584** (0.029) | | |
| IOPASSIVE | | | -11.329 (0.408) | | |
| INSIDERCONTROL | | | | -1.929 (0.108) | |
| GOV41 | | | | | -0.076 (0.201) |
| MARKETCAPUSD | -0.761*** (0.001) | -0.780*** (0.001) | -0.723*** (0.002) | -0.679*** (0.003) | -0.133 (0.702) |
| LEVERAGE | 2.223 (0.160) | 2.196 (0.162) | 2.270 (0.153) | 2.302 (0.145) | 2.039 (0.412) |
| MARKETTOBOOK | -0.018 (0.867) | -0.026 (0.815) | -0.026 (0.802) | 0.005 (0.965) | -0.206 (0.220) |
| PROFITABILITY | -6.136*** (0.003) | -5.920*** (0.004) | -6.187*** (0.003) | -6.897*** (0.002) | -9.152* (0.055) |
| CROSSLIST | 0.577 (0.599) | 0.239 (0.822) | 0.530 (0.632) | 0.847 (0.420) | 2.386** (0.033) |
| Country Dummies | Yes | Yes | Yes | Yes | Yes |
| Year Dummies | Yes | Yes | Yes | Yes | Yes |
| Industry Dummies | Yes | Yes | Yes | Yes | Yes |
| Observations | 2,646 | 2,646 | 2,646 | 2,584 | 1,180 |
| R-squared | 0.160 | 0.162 | 0.161 | 0.159 | 0.172 |

Standard errors clustered by country-industry

Robust pvalue in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Panel C: Dissent - Capitalization

| | (1) | (2) | (3) | (4) | (5) |
|------------------|--------------------|---------------------|--------------------|---------------------|-------------------|
| IOTOTAL | 1.872 (0.342) | | | | |
| IODOMESTIC | | -7.090** (0.025) | | | |
| IOFOREIGN | | 6.039*** (0.006) | | | |
| IOACTIVE | | | 2.065 (0.343) | | |
| IOPASSIVE | | | -1.194 (0.864) | | |
| INSIDERCONTROL | | | | -2.790** (0.022) | |
| GOV41 | | | | | -0.032 (0.481) |
| MARKETCAPUSD | -0.304 (0.144) | -0.441** (0.040) | -0.294 (0.173) | -0.281 (0.206) | -0.250 (0.307) |
| LEVERAGE | 2.003 (0.162) | 1.874 (0.187) | 2.037 (0.158) | 1.642 (0.263) | 1.321 (0.521) |
| MARKETTOBOOK | -0.080 (0.270) | -0.091 (0.225) | -0.081 (0.257) | -0.056 (0.483) | -0.108 (0.296) |
| PROFITABILITY | -1.016 (0.555) | -0.679 (0.709) | -1.044 (0.543) | -0.747 (0.706) | -0.471 (0.900) |
| CROSSLIST | 1.525** (0.030) | 1.161 (0.101) | 1.524** (0.032) | 1.273* (0.085) | 1.035* (0.085) |
| Country Dummies | Yes | Yes | Yes | Yes | Yes |
| Year Dummies | Yes | Yes | Yes | Yes | Yes |
| Industry Dummies | Yes | Yes | Yes | Yes | Yes |
| Observations | 2,043 | 2,043 | 2,043 | 1,996 | 1,114 |
| R-squared | 0.124 | 0.132 | 0.124 | 0.135 | 0.160 |

Standard errors clustered by country-industry

Robust pvalue in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Panel D: Dissent - Routine / Business

| | (1) | (2) | (3) | (4) | (5) |
|------------------|-------------------|-------------------|-------------------|--------------------|-------------------|
| IOTOTAL | 0.091 (0.943) | | | | |
| IODOMESTIC | | 1.049 (0.700) | | | |
| IOFOREIGN | | -0.664 (0.464) | | | |
| IOACTIVE | | | 0.369 (0.796) | | |
| IOPASSIVE | | | -3.306 (0.357) | | |
| INSIDERCONTROL | | | | -1.287* (0.051) | |
| GOV41 | | | | | -0.014 (0.518) |
| MARKETCAPUSD | 0.077 (0.442) | 0.081 (0.432) | 0.087 (0.406) | 0.061 (0.595) | 0.222 (0.108) |
| LEVERAGE | -0.337 (0.756) | -0.358 (0.741) | -0.334 (0.760) | 0.168 (0.876) | 0.811 (0.253) |
| MARKETTOBOOK | 0.037 (0.594) | 0.042 (0.579) | 0.033 (0.625) | 0.036 (0.614) | -0.073 (0.149) |
| PROFITABILITY | -1.800 (0.522) | -1.939 (0.502) | -1.844 (0.510) | -1.505 (0.587) | -1.616 (0.359) |
| CROSSLIST | -0.178 (0.693) | -0.093 (0.822) | -0.208 (0.654) | -0.247 (0.541) | 0.269 (0.481) |
| Country Dummies | Yes | Yes | Yes | Yes | Yes |
| Year Dummies | Yes | Yes | Yes | Yes | Yes |
| Industry Dummies | Yes | Yes | Yes | Yes | Yes |
| Observations | 3,181 | 3,181 | 3,181 | 3,041 | 1,370 |
| R-squared | 0.066 | 0.066 | 0.066 | 0.070 | 0.110 |

Standard errors clustered by country-industry

Robust pvalue in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Panel E: Dissent - Directors

| | (1) | (2) | (3) | (4) | (5) |
|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| IOTOTAL | -0.578 (0.640) | | | | |
| IODOMESTIC | | -2.100 (0.389) | | | |
| IOFOREIGN | | 0.382 (0.801) | | | |
| IOACTIVE | | | -0.310 (0.813) | | |
| IOPASSIVE | | | -4.134 (0.354) | | |
| INSIDERCONTROL | | | | -0.450 (0.607) | |
| GOV41 | | | | | -0.044 (0.113) |
| MARKETCAPUSD | -0.127 (0.276) | -0.129 (0.267) | -0.117 (0.311) | -0.105 (0.410) | 0.139 (0.386) |
| LEVERAGE | 1.068 (0.372) | 1.088 (0.351) | 1.076 (0.369) | 1.495 (0.196) | 0.948 (0.462) |
| MARKETTOBOOK | -0.011 (0.890) | -0.018 (0.831) | -0.015 (0.850) | -0.006 (0.937) | -0.087 (0.226) |
| PROFITABILITY | -0.360 (0.899) | -0.146 (0.960) | -0.396 (0.889) | -0.182 (0.950) | -0.706 (0.756) |
| CROSSLIST | 0.498 (0.339) | 0.395 (0.512) | 0.471 (0.363) | 0.312 (0.579) | -0.394 (0.233) |
| Country Dummies | Yes | Yes | Yes | Yes | Yes |
| Year Dummies | Yes | Yes | Yes | Yes | Yes |
| Industry Dummies | Yes | Yes | Yes | Yes | Yes |
| Observations | 3,089 | 3,089 | 3,089 | 2,946 | 1,289 |
| R-squared | 0.099 | 0.100 | 0.099 | 0.103 | 0.153 |

Standard errors clustered by country-industry

Robust pvalue in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 5 - Dissent and Institutional Ownership - Common vs Civil Law Countries

Panel A.1: Dissent Total - Common Law Countries

| | (1) | (2) | (3) |
|------------------|------------------|-------------------|-----------------------|
| IOTOTAL | 0.535 (0.805) | | |
| IODOMESTIC | | -0.339 (0.899) | |
| IOFOREIGN | | 1.170 (0.610) | |
| IOACTIVE | | | 1.413 (0.558) |
| IOPASSIVE | | | -15.108*** (0.001) |
| Country Dummies | Yes | Yes | Yes |
| Year Dummies | Yes | Yes | Yes |
| Industry Dummies | Yes | Yes | Yes |
| Observations | 2,492 | 2,492 | 2,492 |
| R-squared | 0.133 | 0.133 | 0.134 |

Standard errors clustered by country-industry

Robust pvalue in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Control variable coefficients not shown

Panel A.2: Dissent Total - Civil Law Countries

| | (1) | (2) | (3) |
|------------------|---------------------|---------------------|---------------------|
| IOTOTAL | 6.146*** (0.000) | | |
| IODOMESTIC | | 4.134 (0.202) | |
| IOFOREIGN | | 6.786*** (0.000) | |
| IOACTIVE | | | 7.128*** (0.000) |
| IOPASSIVE | | | -0.119 (0.978) |
| Country Dummies | Yes | Yes | Yes |
| Year Dummies | Yes | Yes | Yes |
| Industry Dummies | Yes | Yes | Yes |
| Observations | 1,538 | 1,538 | 1,538 |
| R-squared | 0.219 | 0.219 | 0.220 |

Standard errors clustered by country-industry

Robust pvalue in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Control variable coefficients not shown

Panel B.1: Dissent Compensation - Common Law Countries

| | (1) | (2) | (3) |
|------------------|------------------|-------------------|----------------------|
| IOTOTAL | 0.310 (0.891) | | |
| IODOMESTIC | | -2.505 (0.461) | |
| IOFOREIGN | | 2.633 (0.307) | |
| IOACTIVE | | | 1.805 (0.504) |
| IOPASSIVE | | | -31.036** (0.027) |
| Country Dummies | Yes | Yes | Yes |
| Year Dummies | Yes | Yes | Yes |
| Industry Dummies | Yes | Yes | Yes |
| Observations | 1,732 | 1,732 | 1,732 |
| R-squared | 0.187 | 0.188 | 0.190 |

Standard errors clustered by country-industry

Robust pvalue in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Control variable coefficients not shown

Panel B.2: Dissent Compensation - Civil Law Countries

| | (1) | (2) | (3) |
|------------------|----------------------|----------------------|----------------------|
| IOTOTAL | 15.209*** (0.004) | | |
| IODOMESTIC | | -3.165 (0.855) | |
| IOFOREIGN | | 20.937*** (0.000) | |
| IOACTIVE | | | 17.121*** (0.007) |
| IOPASSIVE | | | 2.452 (0.911) |
| Country Dummies | Yes | Yes | Yes |
| Year Dummies | Yes | Yes | Yes |
| Industry Dummies | Yes | Yes | Yes |
| Observations | 914 | 914 | 914 |
| R-squared | 0.186 | 0.189 | 0.186 |

Standard errors clustered by country-industry

Robust pvalue in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Control variable coefficients not shown

Panel C.1: Dissent Capitalization - Common Law Countries

| | (1) | (2) | (3) |
|------------------|---------------------|-----------------------|----------------------|
| IOTOTAL | -7.348** (0.022) | | |
| IODOMESTIC | | -13.008*** (0.004) | |
| IOFOREIGN | | -3.222 (0.297) | |
| IOACTIVE | | | -6.475** (0.037) |
| IOPASSIVE | | | -24.211** (0.021) |
| Country Dummies | Yes | Yes | Yes |
| Year Dummies | Yes | Yes | Yes |
| Industry Dummies | Yes | Yes | Yes |
| Observations | 852 | 852 | 852 |
| R-squared | 0.145 | 0.150 | 0.147 |

Standard errors clustered by country-industry

Robust pvalue in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Control variable coefficients not shown

Panel A.2: Dissent Capitalization - Civil Law Countries

| | (1) | (2) | (3) |
|------------------|---------------------|---------------------|---------------------|
| IOTOTAL | 8.523*** (0.000) | | |
| IODOMESTIC | | 3.604 (0.484) | |
| IOFOREIGN | | 9.883*** (0.001) | |
| IOACTIVE | | | 9.867*** (0.000) |
| IOPASSIVE | | | -1.609 (0.892) |
| Country Dummies | Yes | Yes | Yes |
| Year Dummies | Yes | Yes | Yes |
| Industry Dummies | Yes | Yes | Yes |
| Observations | 1,191 | 1,191 | 1,191 |
| R-squared | 0.198 | 0.199 | 0.199 |

Standard errors clustered by country-industry

Robust pvalue in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Control variable coefficients not shown

Table 6 - Dissent and Institutional Ownership - Country Control Variables

Panel A: Dissent Total

| | (1) | (2) | (3) |
|------------------|----------|-----------|------------|
| IOTOTAL | -2.353* | | |
| | (0.063) | | |
| IODOMESTIC | | -5.525*** | |
| | | (0.002) | |
| IOFOREIGN | | 0.832 | |
| | | (0.540) | |
| IOACTIVE | | | -1.456 |
| | | | (0.334) |
| IOPASSIVE | | | -12.716*** |
| | | | (0.001) |
| COMMONLAW | 0.037 | 0.350 | -0.127 |
| | (0.932) | (0.438) | (0.779) |
| GDPPC | -0.000 | -0.000 | 0.000 |
| | (0.804) | (0.506) | (0.968) |
| MARKETCAPGDP | 2.002*** | 2.202*** | 2.024*** |
| | (0.000) | (0.000) | (0.000) |
| Country Dummies | No | No | No |
| Year Dummies | Yes | Yes | Yes |
| Industry Dummies | Yes | Yes | Yes |
| Observations | 4,030 | 4,030 | 4,030 |
| R-squared | 0.089 | 0.093 | 0.090 |

Standard errors clustered by country-industry

Robust pvalue in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Control variable coefficients not shown

Panel B: Dissent Compensation

| | (1) | (2) | (3) |
|------------------|-----------|-----------|-----------|
| IOTOTAL | 12.192*** | | |
| | (0.000) | | |
| IODOMESTIC | | 11.620*** | |
| | | (0.000) | |
| IOFOREIGN | | 12.819*** | |
| | | (0.000) | |
| IOACTIVE | | | 13.973*** |
| | | | (0.000) |
| IOPASSIVE | | | -12.525 |
| | | | (0.232) |
| COMMONLAW | -6.106*** | -6.060*** | -6.456*** |
| | (0.000) | (0.000) | (0.000) |
| GDPPC | -0.000* | -0.000** | -0.000 |
| | (0.053) | (0.049) | (0.138) |
| MARKETCAPGDP | 5.719*** | 5.754*** | 5.764*** |
| | (0.000) | (0.000) | (0.000) |
| Country Dummies | No | No | No |
| Year Dummies | Yes | Yes | Yes |
| Industry Dummies | Yes | Yes | Yes |
| Observations | 2,646 | 2,646 | 2,646 |
| R-squared | 0.124 | 0.124 | 0.126 |

Standard errors clustered by country-industry

Robust pvalue in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Control variable coefficients not shown

Panel C: Dissent Capitalization

| | (1) | (2) | (3) |
|------------------|----------|------------|------------|
| IOTOTAL | -1.512 | | |
| | (0.361) | | |
| IODOMESTIC | | -10.983*** | |
| | | (0.000) | |
| IOFOREIGN | | 5.071*** | |
| | | (0.009) | |
| IOACTIVE | | | -0.074 |
| | | | (0.968) |
| IOPASSIVE | | | -14.604*** |
| | | | (0.007) |
| COMMONLAW | -1.578** | -1.086* | -1.738*** |
| | (0.012) | (0.093) | (0.006) |
| GDPPC | -0.000 | -0.000 | 0.000 |
| | (0.902) | (0.346) | (0.859) |
| MARKETCAPGDP | 0.969* | 1.607*** | 0.944 |
| | (0.094) | (0.008) | (0.105) |
| Country Dummies | No | No | No |
| Year Dummies | Yes | Yes | Yes |
| Industry Dummies | Yes | Yes | Yes |
| Observations | 2,043 | 2,043 | 2,043 |
| R-squared | 0.065 | 0.082 | 0.068 |

Standard errors clustered by country-industry

Robust pvalue in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Control variable coefficients not shown

Table 7 - Dissent and Institutional Ownership - Cluster by Country

Panel A: Dissent Total

| | (1) | (2) | (3) |
|------------------|------------------|--------------------|--------------------|
| IOTOTAL | 1.685 (0.124) | | |
| IODOMESTIC | | -0.041 (0.975) | |
| IOFOREIGN | | 2.773** (0.025) | |
| IOACTIVE | | | 2.420** (0.034) |
| IOPASSIVE | | | -7.707* (0.080) |
| Country Dummies | Yes | Yes | Yes |
| Year Dummies | Yes | Yes | Yes |
| Industry Dummies | Yes | Yes | Yes |
| Observations | 4,030 | 4,030 | 4,030 |
| R-squared | 0.131 | 0.132 | 0.132 |

Standard errors clustered by country

Robust pvalue in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Control variable coefficients not shown

Panel B: Dissent Remuneration

| | (1) | (2) | (3) |
|------------------|------------------|--------------------|--------------------|
| IOTOTAL | 3.558 (0.198) | | |
| IODOMESTIC | | -1.031 (0.872) | |
| IOFOREIGN | | 6.618** (0.014) | |
| IOACTIVE | | | 4.584 (0.164) |
| IOPASSIVE | | | -11.329 (0.434) |
| Country Dummies | Yes | Yes | Yes |
| Year Dummies | Yes | Yes | Yes |
| Industry Dummies | Yes | Yes | Yes |
| Observations | 2,646 | 2,646 | 2,646 |
| R-squared | 0.160 | 0.162 | 0.161 |

Standard errors clustered by country

Robust pvalue in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Control variable coefficients not shown

Panel C: Dissent Capitalization

| | (1) | (2) | (3) |
|------------------|------------------|---------------------|-------------------|
| IOTOTAL | 1.872 (0.593) | | |
| IODOMESTIC | | -7.090** (0.010) | |
| IOFOREIGN | | 6.039 (0.113) | |
| IOACTIVE | | | 2.065 (0.580) |
| IOPASSIVE | | | -1.194 (0.868) |
| Country Dummies | Yes | Yes | Yes |
| Year Dummies | Yes | Yes | Yes |
| Industry Dummies | Yes | Yes | Yes |
| Observations | 2,043 | 2,043 | 2,043 |
| R-squared | 0.124 | 0.132 | 0.124 |

Standard errors clustered by country

Robust pvalue in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Control variable coefficients not shown

Table 8 - Dissent and Institutional Ownership - Cluster by Country-Year

Panel A: Dissent Total

| | (1) | (2) | (3) |
|------------------|--------------------|--------------------|---------------------|
| IOTOTAL | 1.685** (0.019) | | |
| IODOMESTIC | | -0.041 (0.982) | |
| IOFOREIGN | | 2.773** (0.026) | |
| IOACTIVE | | | 2.420*** (0.007) |
| IOPASSIVE | | | -7.707 (0.170) |
| Country Dummies | Yes | Yes | Yes |
| Year Dummies | Yes | Yes | Yes |
| Industry Dummies | Yes | Yes | Yes |
| Observations | 4,030 | 4,030 | 4,030 |
| R-squared | 0.131 | 0.132 | 0.132 |

Standard errors clustered by country-year

Robust pvalue in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Control variable coefficients not shown

Panel B: Dissent Compensation

| | (1) | (2) | (3) |
|------------------|------------------|--------------------|--------------------|
| IOTOTAL | 3.558 (0.218) | | |
| IODOMESTIC | | -1.031 (0.818) | |
| IOFOREIGN | | 6.618** (0.019) | |
| IOACTIVE | | | 4.584 (0.118) |
| IOPASSIVE | | | -11.329 (0.348) |
| Country Dummies | Yes | Yes | Yes |
| Year Dummies | Yes | Yes | Yes |
| Industry Dummies | Yes | Yes | Yes |
| Observations | 2,646 | 2,646 | 2,646 |
| R-squared | 0.160 | 0.162 | 0.161 |

Standard errors clustered by country-year

Robust pvalue in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Control variable coefficients not shown

Panel C: Dissent Capitalization

| | (1) | (2) | (3) |
|------------------|------------------|----------------------|-------------------|
| IOTOTAL | 1.872 (0.431) | | |
| IODOMESTIC | | -7.090*** (0.005) | |
| IOFOREIGN | | 6.039** (0.021) | |
| IOACTIVE | | | 2.065 (0.410) |
| IOPASSIVE | | | -1.194 (0.851) |
| Country Dummies | Yes | Yes | Yes |
| Year Dummies | Yes | Yes | Yes |
| Industry Dummies | Yes | Yes | Yes |
| Observations | 2,043 | 2,043 | 2,043 |
| R-squared | 0.124 | 0.132 | 0.124 |

Standard errors clustered by country-year

Robust pvalue in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Control variable coefficients not shown